REMARKS

Claims 1-28, 96, 104-105, 113-115, and 124 remain pending in the application. Claims 1-28, 96, 104-105, 113-115, and 124 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,970,479 to Shepherd ("Shepherd") in view of U.S. Patent Application Publication No. US 2002/0042770 A1 to Van Slyke et al. ("Van Slyke") in further of Basics of stock index futures trading Note: Part 3.; Graphics (Statistics) – Bearish Strategy ("Basics"). Applicants respectfully traverse the rejection.

Rejections under 35 U.S.C. § 103(a)

In the October 16, 2007 Final Office Action ("Office Action"), the Examiner cites the following as support for rejecting claim 1 under under 35 U.S.C. § 103(a):

1. "Slyke [] discloses liquid insurance (i. e. risk management) contracts, including the use of bundling multiple existing contracts (paragraph 0268-0269). It would have been obvious to one having ordinary skill in the art to include the teachings of Slyke to the disclosure of Shepherd in order to reduce the risk associated with dealing with future events." Office Action at Page 3 (emphasis added).

2. "It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Shepherd and Slyke to explicitly include that cash settlements of futures contracts are performed on the maturity date as taught by Basics in order to provide the traders with income based on the investment in futures contracts." Office Action at Page 3 (emphasis added).

The Examiner still cannot establish a prima facie case of obviousness based upon Van Slyke and Basics, however, because:

1. Van Slyke fails to teach or suggest Applicants' "establishing, on said trading system, a plurality of separate contracts," because Van Slyke is limited to "existing contracts" (i. e. already established or issued), and

2. Neither Van Slyke nor Basics teach or suggest Applicants' "each contract bundle paying an aggregate fixed sum," because both Van Slyke and Basics pay a

variable sum at the time of maturity that is only determinable and known at the time of maturity (regardless of whether the payout is in cash or not).

Pursuant to MPEP §2143, to establish a prima facie case of obviousness, the prior art references must teach or suggest all of Applicants' claim limitations. Here, the Examiner can not meet this burden.

Applicants' claim 1 recites (emphasis added):

1. A method of conducting business comprising the steps of:

establishing a computer-network based contract trading system electronically accessible by traders, said trading system including a plurality of trading accounts, each trader on the trading system being associated with at least one of the trading accounts;

establishing, on said trading system, a plurality of separate contracts within contract bundles, each contract bundle paying an aggregate fixed sum at maturity and wherein each contract bundle comprises at least two separate contracts;

selling, over said trading system, at least one of the plurality of separate contracts within the contract bundles;

accepting for resale over said trading system, the at least one of the plurality of separate contracts within the contract bundles;

settling the at least one of the plurality of separate contracts against the trading account of the trader of said separate contract; and

assessing a transaction fee for at least one of said steps of selling, accepting for resale, or settling of the at least one of the plurality of separate contracts.

Neither Van Slyke nor Basics Teaches or Suggests Establishing A Plurality of Separate Contracts Within Contract Bundles, Each Contract Bundle Paying an Aggregate Fixed Sum at Maturity and Wherein Each Contract Bundle Comprises at Least Two Separate Contracts.

The Examiner has failed to establish the prima facie obviousness of claims 1-28, 96, 104-105, 113-115, and 124 pursuant to MPEP § 2143.03, because neither Van Slyke nor Basics teaches or suggests Applicants' claimed method of "establishing a plurality of

separate contracts within contract bundles, each contract bundle paying an aggregate fixed sum at maturity and wherein each contract bundle comprises at least two separate contracts." Consequently, the Examiner's rejection should be withdrawn.

Pursuant to MPEP §2143.03, "[t]o establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. All words in a claim must be considered in judging the patentability of that claim against the prior art. If an independent claim is nonobvious under 35 U.S.C. 103(a), then any claim depending therefrom is nonobvious." (Internal citations omitted) (emphasis added). In the present case, the Examiner has failed to establish a prima facie case of obviousness, because all of the claim limitations are not taught nor suggested by the prior art.

1. Van Slyke fails to teach or suggest Applicants' "establishing, on said trading system, a plurality of separate contracts," because Van Slyke is limited to "existing contracts" (i. e. already established or issued).

> Van Slyke Paragraph Nos. 268-269 state (emphasis added):
>
> XVI. Creating One or More Derivatives from Multiple Existing LICs--FIG. 16
>
> It is also possible to create derivatives from multiple existing LICs. Some examples include: bundling many LICs to create a portfolio LIC, such as a Nationwide Auto Insurance LIC which bundles LICs from many different issuers; bundling LICs to reduce the risk of either or both, such as bundling an LIC with an option to limit the exposure to loss and/or collateral requirements; and bundling an LIC with another type of contract, such as bundling an LIC with a currency exchange contract in order to reduce the risk to underwriters who have other investments in foreign currencies.

Thus, Van Slyke teaches an optional step of "creat[ing] derivatives from multiple existing LICs." Van Slyke therefore bundles existing LICs after the LICs are issued or established in an unbundled form. In contrast, Applicants' claimed separate contracts are established in bundled form. Accordingly, because Van Slyke optionally bundles existing LICs after the LICs are issued or

established, Van Slyke is not establishing a contract bundle until after the underlying LICs have already been issued.

2. Neither Van Slyke nor Basics teach or suggest Applicants' "each contract bundle paying an aggregate fixed sum," because both Van Slyke and Basics pay a variable sum at the time of maturity that is only determinable and known at the time of maturity (regardless of whether the payout is in cash or not).

Van Slyke does not teach or suggest establishing a contract bundle paying an aggregate fixed sum at maturity that is known at the time of issuance, because determination of an aggregate fixed sum at maturity requires by definition the identification of the parts forming the aggregate sum. Van Slyke's parts forming the aggregate sum are unidentified at the time of issuance or establishment of a LIC. Indeed, Van Slyke's parts forming the aggregate sum are identified (if at all) after the underlying LICs have already been established and optionally bundled.

Even assuming the respective contracts are bundled, Van Slyke's Liquid Insurance Contracts ("LIC") are not similar to Applicants' separate contracts. Van Slyke's abstract expressly states that (emphasis added): "A liquid insurance contract (LIC) comprises a security which is traded or tradable and which has cash flows to the issuer based upon a liability whose exact value is unknown at the time of issuance." By definition, if Applicants taught Van Slyke's bundle of separate contracts whose exact value was unknown at the time of issuance, the contract bundle would pay an aggregate variable sum at maturity. Indeed, Applicants claim a contract bundle paying an aggregate fixed sum at maturity that may be determined at the time of issuance. For example, Applicants teach "an event contract may pay off either $10 or $0 depending on the outcome of a specified event. If a particular criteria is met (i.e. a particular outcome occurs), then the claim pays off $10." Application Paragraph No. 0055. Thus, one contract in Applicants' exemplary contract bundle is for the occurrence of the event and the other contract in the exemplary contract bundle is for the non-

occurrence of the event. Accordingly, Applicants teach that an aggregate fixed sum at maturity of $0 + $10 = $10 may be determined at the time of issuance, based upon identification and summation of the underlying separate contracts. Consequently, even if they were bundled, Van Slyke's LICs are not similar to Applicants' separate contracts.

Likewise, Basics, page 2, top paragraph (as underlined by the Examiner states (emphasis added):

> Generally, there are two ways in which a stock index futures contract may be settled. A trader with an existing open position (whether long or short) may choose to "close-out" his position by entering into an opposite trade or perform the contract by "final cash settlement" when the contract expires.

By definition as provided by Basics, page 1, bottom paragraph (emphasis added), "...stock index futures contracts provides for cash settlement in lieu of actual delivery of the basket of stocks..." Accordingly, the value of a basket of stocks varies on a daily basis, based on individual stock prices. Consequently, Basics pays a variable sum at the time of maturity that is only determinable and known at the time of maturity (regardless of whether the payout is in cash or not).

Finally, with respect to the Examiner's rejection of claim 7, the Examiner asserts that "Shepherd discloses paying a fixed sum or a zero sum depending on an outcome of a future event.-see col. 4 lines 17-23; col. 5 lines 12-24." Here, the Examiner is clearly mistaken. In relevant pertinent part Shepherd col. 4, lines 18-21 states (emphasis added): "...stakeholders can input contract data representing at least one offered contract in at least one predetermined phenomenon, each said phenomenon having a range of future outcomes." Consequently, Shepherd, like Basics, pays a variable sum at the time of maturity that is only determinable and known at the time of maturity.

Pursuant to MPEP § 2143.03, "[t]o establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. All

words in a claim must be considered in judging the patentability of that claim against the prior art." (Internal citations omitted) (emphasis added). Consequently, the Examiner has failed to establish the prima facie obviousness of claims 1-28, 96, 104-105, 113-115, and 124, because all of Applicants' claimed limitations are not taught or suggested by Van Slyke, Basics nor Shepherd.

CONCLUSION

Based on the foregoing remarks, Applicants believe that the rejections in the Office Action of October 16, 2007 are fully overcome, and that the application is in condition for allowance. If the Examiner has questions regarding the case, the Examiner is invited to contact Applicants' undersigned representative at the number given below.

Respectfully submitted,
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